



**U.S. Immigration
and Customs
Enforcement**

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News Release

**Suspected brothel owner and three others charged in ongoing probe
targeting prostitution operations using Korean and Mexican women**
Feds move to seize more than \$4 million in assets, including four motocross tracks

SANTA ANA, Calif. - The alleged owner of a string of Los Angeles-area brothels is among the four latest suspects charged in an ongoing multi-agency investigation targeting a prostitution scheme operating brothels in Southern California and Dallas, Texas.

Jong Ock Mao, 47, a.k.a. "June," the leader of the brothel operation, was arrested Tuesday morning in Madisonville, Texas, and will be appearing in federal court in Houston today. According to the indictment, which was returned by a federal grand jury here April 5 and unsealed yesterday, Mao allegedly owns five brothels in the Los Angeles area and one in Dallas. The brothels were housed in a variety of businesses, including chiropractic offices, acupuncture clinics, "spas," tanning salons and massage parlors.

Mao is one of four defendants named in the 40-count indictment charging her with money laundering, and violations of the Travel Act, a federal statute that prohibits the use of interstate facilities to promote and establish an illegal business enterprise, in this case a prostitution business. The charges are the result of an investigation by U.S. Immigration and Customs Enforcement, IRS-Criminal Investigation Division, and the Los Angeles County Sheriff's Department.

In addition to Mao, federal agents yesterday arrested Edward Lutt, 43, at his home in Paramount. Lutt is suspected of overseeing the day-to-day operation of the brothels. At his initial court appearance yesterday in federal court in Santa Ana, a U.S. Magistrate Judge ordered Lutt to appear for post-indictment arraignment April 17 at 10:00 a.m.

The two other defendants named in the indictment are Charles Fields, 49, of Long Beach, and Randall Johnson, 51, of Los Angeles. According to search warrant affidavits in the case, the men filed business licenses to operate massage parlors and tanning salons in Southern California and Dallas that served as fronts for brothels owned by Mao. Johnson was arrested yesterday and is expected to make his initial court appearance this afternoon in federal court in Santa Ana. At this time, Fields is a fugitive and is being sought by federal authorities.

As part of the investigation, ICE and IRS agents, aided by deputies from the Los Angeles County Sheriff's Department and officers from the Anaheim, Santa Monica, Inglewood, and South Gate Police Departments, executed search warrants yesterday at eight Los Angeles-area locations tied to the scheme.

The Los Angeles-area search locations included suspected brothels in Baldwin Park, Inglewood, and South Gate, as well as three residences - Mao's home in West Covina, Lutt's residence in Paramount, and the residence of Mao's bookkeeper in Canyon Country, California. Additionally, ICE agents in Dallas executed a search warrant at a suspected brothel known as the Paradise Spa, where four women were taken into custody. Two of the women were booked on state prostitution charges, and the other two are being held on administrative immigration violations.

In conjunction with the arrests and searches, federal agents are seeking to seize more than \$4 million in assets tied to the criminal scheme, including bank accounts, residences, and four private motocross tracks in California, Texas, and Florida. The tracks are operated by a company Mao owns called MX Oasis. Authorities allege these properties were acquired with the proceeds of the illegal activities and are subject to forfeiture.

The arrests and seizures are the latest developments in an ongoing investigation that initially targeted the Jung Organization, which smuggled South Korean women into the United States and provided the women to brothel operators, where they worked off smuggling fees as high as \$15,000. Young Joon Jung and 23 other individuals were charged in indictments first announced by federal officials in July 2005. Fifteen of those defendants, including Jung, have pleaded guilty. Five subjects are awaiting trial and four remain at large. After Jung's arrest, ICE and IRS-CID continued to investigate leads uncovered in the case. Those leads resulted in the indictment of Mao and the most recent enforcement actions.

"ICE is working with its law enforcement partners here and overseas to dismantle the entire organization," said Kevin Kozak, acting special agent in charge for ICE investigations in Los Angeles. "We are targeting not only those responsible for the alleged smuggling of the women, but also the illicit financial activities and monetary assets that supported this criminal enterprise."

"IRS-CID is dedicated to the aggressive pursuit of all financial crimes and is eager to participate with our law enforcement partners in a variety of criminal investigations," said Jean Divine, IRS-CID acting special agent in charge.

ICE

U.S. Immigration and Customs Enforcement was established in March 2003 as the largest investigative arm of the Department of Homeland Security. ICE is comprised of four integrated divisions that form a 21st century law enforcement agency with broad responsibilities for a number of key homeland security priorities.